

**SCHEME OF ARRANGEMENT**  
**AMONG**  
**GLOBE ENTERPRISE (INDIA) LIMITED**  
**AND**  
**MORABIA CREATION LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**  
**UNDER SECTIONS 230-232 READ WITH OTHER APPLICABLE PROVISIONS OF**  
**THE COMPANIES ACT, 2013**

**1. PARTS OF THE SCHEME**

- 1.1. The Scheme (as defined hereinafter) is divided into the following parts:
- 1.1.1. **Part A** deals with the background of the Companies (as defined hereinafter), rationale and objective and overview of the Scheme;
- 1.1.2. **Part B** deals with the definitions, interpretation and share capital structure of the Companies;
- 1.1.3. **Part C** deals with vesting of the Demerged Undertaking (as defined hereinafter) into the Resulting Company (as defined hereinafter) on a going concern basis in accordance with Sections 230 to 232 and other applicable provisions of the Act (as defined hereinafter) and in accordance with Section 2(19AA) and other applicable provisions of the IT Act (as defined hereinafter) and other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company;
- 1.1.4. **Part D** deals with the general terms and conditions applicable to the Scheme.

## **PART A GENERAL**

### **2. PREAMBLE**

2.1. This scheme of arrangement is presented under Sections 230 to 232 and other applicable provisions of the Act amongst Globe Enterprise (India) Limited (“GLOBE”), Morabia Creation Limited (“MCL”), and their respective shareholders and creditors.

2.2. The Scheme, inter alia, provides for:

2.2.1. The Demerger (as defined hereinafter) of the Demerged Undertaking comprising the Business of INDIGENX, ORIJEAN (as defined hereinafter) of Globe Enterprise (India) Limited, i.e. the Demerged Company (as defined hereinafter) into Morabia Creation Limited, i.e. the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares (as defined hereinafter) by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (as defined hereinafter), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act;

2.2.2. various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to provisions of Sections 230 to 232 read with other applicable/relevant provisions of the Act and in compliance with the provisions of the IT Act and other applicable regulatory requirements; each in the manner as more particularly described in this Scheme.

### **3. BACKGROUND**

3.1. Globe Enterprise (India) Limited was originally incorporated on October 4, 1995, as “Swaroop Financial Services Private Limited” under the provisions of the then Companies Act, 1956, with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was subsequently changed to “Globe Textile (India) Private Limited” via a Shareholder’s Resolution passed at the Extra-Ordinary General Meeting held on March 31, 2006, and a fresh Certificate of Incorporation was issued on May 23, 2006, by the Registrar of Companies, Gujarat, Ahmedabad. Further, the Company was converted into a Public Limited Company, and its

name was changed to “Globe Enterprise (India) Limited” on March 22, 2017, with Corporate Identification Number L65910GJ1995PLC027673. The registered office of the Company is located at Plot No. 38 to 41, Ahmedabad Apparel Park, GIDC Khokhra, Ahmedabad, Gujarat – 380 008. Globe is one of the prominent companies in the textile sector, owning various brands in clothing and apparel. The ordinary shares (*as defined hereinafter*) of the Company are listed on the National Stock Exchange (India) Limited.

- 3.2. Morabia Creation Limited was originally incorporated on October 6, 2016, as a Private Limited Company under the name “Morabia Creation Private Limited”. Subsequently, the entity was converted into a Public Limited Company under the provisions of the Companies Act, 2013, with Corporate Identification Number U52320GJ2016PLC094016, and has its registered office at Flat No. 14, Saryu Appartments Navrangpura, Ahmedabad, (Gujarat) – 380 009. MCL is engaged in the business of textile and clothing trading, including the trading of apparel. The ordinary shares of the Company are not listed on any stock exchange.

#### **4. RATIONALE AND OBJECTIVE OF THE SCHEME**

- 4.1. The Demerged Company is currently engaged in the business of textile, clothing, and apparel, encompassing both manufacturing and trading activities. It carries out trading operations, particularly in garments and apparel, under the well-recognized brand names INDIGENX and ORIJEAN. By separating the trading operations into an independent entity, the management intends to allocate resources more effectively, streamline business processes, promote specialisation, and unlock greater shareholder value. This strategic restructuring aims to foster independent growth opportunities and better market positioning for each business segment, benefiting stakeholders and enabling stronger business sustainability.

- 4.2. The Trading Business of Globe Enterprise (India) Limited, specifically encompassing its well-established brands INDIGENX and ORIJEAN, has significantly matured and evolved over the years, establishing itself firmly in the textile trading sector. To effectively leverage its strong market presence, extensive distribution network, and established brand reputation, the Company intends to segregate its Trading Business into a

separate listed entity through a strategic demerger scheme. This restructuring will enhance dedicated management focus, improve operational efficiency, and facilitate agile decision-making specifically tailored to trading activities, distinguishing clearly from the Company's manufacturing operations.

- 4.3. The proposed demerger is strategically beneficial for Globe Enterprise (India) Limited and its shareholders, employees, creditors, and other stakeholders for the following key reasons:
  - 4.3.1. India's textile trading market offers substantial growth potential driven by rising consumer demand, rapidly evolving market trends, increased digitalization, and improved logistics infrastructure. Creating a dedicated trading entity allows Globe to efficiently capitalize on these specific opportunities without the constraints of manufacturing operations.
  - 4.3.2. A standalone trading entity will possess greater flexibility to implement tailored market strategies, swiftly adapt to changing consumer preferences, optimize procurement and distribution processes, and enhance responsiveness in an increasingly competitive marketplace.
  - 4.3.3. The new, focused trading entity will have enhanced access to capital markets, both equity and debt, enabling targeted investment in market expansion, technology upgrades, strategic partnerships, and brand-building initiatives specific to the trading segment.
  - 4.3.4. As a specialized trading-focused entity, it will attract strategic investors, stakeholders, and business partners whose risk profiles and investment interests are closely aligned with the dynamics of the textile trading sector, thereby optimizing valuation and fostering sustained value creation.
  - 4.3.5. This Scheme will unlock intrinsic value for shareholders through independent market-driven valuation of the new entity's shares, providing enhanced investment flexibility and the option to remain invested specifically in a robust, trading-focused listed company.
  - 4.3.6. The restructuring will support long-term strategic synergies and stability between Globe's manufacturing and the newly independent trading business, ensuring mutually beneficial operational alignment and competitive advantages in their respective domains.
  - 4.3.7. The resulting company will acquire the INDIGENX and ORIJEAN brands, and it will operate independently without being controlled by the existing Globe promoters. This will allow the resulting company to independently strategize, innovate, and attract fresh

investment, thereby providing a clear distinction and reducing potential conflicts of interest between the resulting and the demerged entities.

**PART B**  
**DEALS WITH THE DEFINITIONS, INTERPRETATION AND SHARE CAPITAL**  
**STRUCTURE OF THE COMPANIES**

**5. DEFINITIONS**

5.1. *In this Scheme, unless inconsistent with the subject or context thereof, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iv) the following expressions shall have the following meanings:*

5.1.1. **“Act”** means the Companies Act, 2013 to the extent of the provisions notified and the Companies Act, 1956 to the extent of its provisions in force and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time;

5.1.2. **“Appointed Date”** means 1 April 2026;

5.1.3. **“Applicable Law”** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of Demerged Company;

5.1.4. **“Appropriate Authority”** means: (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities; (c) any

governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation) the Competition Commission of India, SEBI (as defined hereinafter), and the Tribunal (as defined hereinafter); and (d) any Stock Exchange.

- 5.1.5. **“Board”** in relation to each of the Demerged Company/ Transferee Company, the Resulting Companies, and the Transferor Company as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to the amalgamation, transfer and demerger, this Scheme or any other matter relating thereto;
- 5.1.6. **“Companies”** means the Resulting Company and the Demerged Company collectively, and “Company” means any one of them as the context may require;
- 5.1.1. **“Demerged Company”** means Globe Enterprise (India) Limited, a listed company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number L65910GJ1995PLC027673 and having its registered office at Plot No. 38 to 41, Ahmedabad Apparel Park, GIDC Khokhra, Ahmedabad, Gujarat – 380 008;
- 5.1.2. **“Demerged Liabilities”** shall have the meaning set out in Clause 9.2.2;
- 5.1.3. **“Demerged Undertaking”** means “Demerged Undertaking” means all the businesses, Undertaking, activities, operations and properties of the Demerged Company, of whatsoever nature and kind and wheresoever situated, related to or pertaining to the conduct of, or the activities of, the INDIGENX and ORIJEAN brands and their associated textile and clothing trading business as on the Appointed Date, on a going concern basis, whether in or outside India, including but not limited to, the following:
- 5.1.3.1. All Intellectual Property and rights thereto of the Demerged Company that exclusively forms part of the textile and clothing trading business, specifically the “INDIGENX” and “ORIJEAN” brand names, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company and forming part of the Demerged Undertaking.

- 5.1.3.2. All closing stock pertaining to the “INDIGENX” and “ORIJEAN” brands and forming part of the Demerged Undertaking.
- 5.1.3.3. The Demerged Liabilities as defined in Clause 9.2.1, specifically including unsecured loans related to the business of the “INDIGENX” and “ORIJEAN” brands.
- 5.1.3.4. Any other assets or liabilities mutually determined by the Boards of the Demerged Company and the Resulting Company as relating to or pertaining to the INDIGENX and ORIJEAN businesses.
- 5.1.3.5. It is clarified that any question as to whether or not a specified asset or liability pertains to the Demerged Undertaking or arises out of the activities or operations of Demerged Undertaking shall be decided by the board of directors of the Demerged Company;
- 5.1.4. **“Effective Date”** for the purposes of amalgamation of Transferor Company with the Transferee Company in accordance with Part C of this Scheme shall mean the date fixed by the Board of the Transferee Company falling within 10 business days or such other extended date as may be decided by the Board of the Transferee Company, in each case, after the date on which the last of the conditions are complied with or waived, as applicable;
- 5.1.5. **“Demerger”** means transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company on a going concern basis and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio, pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;
- 5.1.6. **“Effective Date”** means the date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in Clause 28.1 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to the “date of coming into effect of this Scheme” or “upon the Scheme becoming effective” or “effectiveness of the scheme” shall mean the Effective Date;
- 5.1.1. **“Encumbrance”** means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction,

power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term “Encumber” shall be construed accordingly;

- 5.1.2. **“INDIGENX”** means the brand name “INDIGENX” owned by Globe Enterprise (India) Limited, pertaining to its textile and clothing trading business.
- 5.1.3. **“Intellectual Property”** means all intellectual property rights of any nature whatsoever, past, present, and future rights of all types, including rights in information (such as know-how, confidential information, and trade secrets), trademarks, service marks, brand names, goodwill, copyright, moral rights, computer software rights, database rights, and designs, as well as marketing authorizations, approvals, digital platforms, algorithms, and all associated rights like the right to sue for infringement. These rights encompass both unregistered and registered forms, whether owned or licensed, existing anywhere in the world, and include all related applications, reissues, extensions, and renewals.
- 5.1.4. **“INR”** means Indian Rupee, the lawful currency of the Republic of India;
- 5.1.5. **“NSE”** means National Stock Exchange of India Limited
- 5.1.6. **“Permits”** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;
- 5.1.7. **“Person”** means an individual, a partnership, a corporation, a limited-liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- 5.1.8. **“ORIJEAN”** means the brand name “ORIJEAN” owned by Globe Enterprise (India) Limited, pertaining to its textile and clothing trading business;
- 5.1.9. **“Record Date”** in relation to Part C of the Scheme, it means the date to be fixed by the Board of the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom consideration shall be issued in accordance with of this Scheme;
- 5.1.10. **“RoC”** means the relevant Registrar of Companies having jurisdiction over the Demerged Company, the Resulting Company, as the case may be;
- 5.1.11. **“Resulting Company”** means Morabia Creation Limited, to which the Demerged Undertaking of the Demerged Company shall stand demerged, such that pursuant to and in accordance with the

terms of the Scheme the Demerged Undertaking shall become the property of and vest in Morabia Creation Limited.

- 5.1.12. **“Scheme”** means this composite scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal;
- 5.1.13. **“Share Entitlement Ratio”** will be defined in Clause 18 of this Scheme.
- 5.1.14. **“Stock Exchange”** means National Stock Exchange of India Limited
- 5.1.1. **“SEBI”** means the Securities and Exchange Board of India;
- 5.1.2. **“SEBI Circular”** means the circular issued by the SEBI, being Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LODR;
- 5.1.3. **“SEBI LODR”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 5.1.4. **“Stock Exchanges”** means National Stock Exchange of India Limited (“NSE”);

## 6. **INTERPRETATION:**

- 6.1. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, IT Act and other Applicable Law, as the case may be.
- 6.2. References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.
- 6.3. Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to any statute or to any statutory provision shall include any subordinate legislation made from time to time under that statute or provision.
- 6.4. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 6.5. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

6.6. References to a person include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association partnership, works council or employee representative body (whether or not having separate legal personality).

6.7. The headings herein shall not affect the construction of this Scheme.

## 7. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

This Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date.

## 8. **SHARE CAPITAL**

8.1. The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on March 31, 2025, is as follows:

<b>Particulars</b>	<b>Amount (in Rupees)</b>
<b><u>Authorized Capital</u></b>	
45,50,00,000 Equity Shares of Rs. 2/- each	91,00,00,000
<b>Total</b>	91,00,00,000
<b><u>Issued, subscribed and Paid up Share Capital</u></b>	
45,04,18,788 Equity Shares of Rs. 2/- each	90,08,37,576
<b>Total</b>	<b>90,08,37,576</b>

8.2. The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on March 31, 2025 is as under:

<b>Particulars</b>	<b>Amount (in Rupees)</b>
<b><u>Authorized Capital</u></b>	
20,00,000 Equity Shares of Rs. 10/- each	2,00,00,000
<b>Total</b>	2,00,00,000
<b><u>Issued, subscribed and Paid-up Share Capital</u></b>	
20,00,000 Equity Shares of Rs. 10/- each	2,00,00,000
<b>Total</b>	2,00,00,000

## **PART C TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY**

## 9. **TRANSFER AND VESTING OF DEMERGED UNDERTAKING**

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Undertaking shall, in accordance with Section 2(19AA) and other applicable provisions of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company as a going concern, so as to become the business undertaking, assets, Liabilities, properties, right, title, interest and authorities of the Resulting Company by virtue of and in the manner set out below:

**9.1.**

**VESTING OF ASSETS**

9.1.1. Upon the Scheme becoming effective and with effect from the Appointed Date, without prejudice to the generality of the above:

9.1.1.1. All Intellectual Property and rights thereto of the Demerged Company that exclusively forms part of the Demerged Undertaking, specifically the “INDIGENX” and “ORIJEAN” brands, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company and forming part of the Demerged Undertaking, shall become the property of and/or stand vested in, the Resulting Company;

9.1.1.2. All closing stock pertaining to the “INDIGENX” and “ORIJEAN” brands and forming part of the Demerged Undertaking, that are movable and can be transferred through manual delivery or constructive delivery, shall be vested in the Resulting Company in accordance with Sections 230 to 232 of the Act and other applicable legal provisions. They will be considered transferred and vested through delivery or possession without needing any deed or instrument of conveyance, becoming the Resulting Company's property, subject to the Scheme's provisions regarding Encumbrances;

9.1.2. Notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in relation to the Demerged Undertaking in favour of the Resulting Company, the Boards of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order

to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purposes of giving effect to the Scheme;

9.1.3. In relation to assets, if any, which, under Applicable Law, require separate documents for vesting in the Resulting Company, the Demerged Company and the Resulting Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed;

9.1.4. On and from the Effective Date, all cheques and other negotiable instruments, electronic fund transfers (such as NEFT, RTGS, etc.) and payment orders received or presented for encashment which are in the name of the Demerged Company and in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

## 9.2. **TRANSFER OF LIABILITIES**

Upon coming into effect of this Scheme and with effect from the Appointed Date, all Demerged Liabilities, whether or not provided in the books of the Demerged Company shall without any further act, instrument or deed be and stand transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date, so as to become the debts, duties, obligations, and Liabilities of the Resulting Company, along with any Encumbrance relating thereto, on the same terms and conditions as were applicable to the Demerged Company. The Resulting Company undertakes to meet, discharge and satisfy the same to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Demerged Liabilities.

9.2.1 The term “**Demerged Liabilities**” shall mean:

(a) Unsecured loans specifically related to the business of the “INDIGENX” and “ORIJEAN” brands;

(b) In cases other than those referred to above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

### 9.2.2. **Effect of Transfer of Demerged Liabilities**

Such Demerged Liabilities transferred to the Resulting Company in terms of Clause 9.2 hereof, shall, without any further act, instrument or deed, become Liabilities of the Resulting Company, and all rights, powers, duties and obligations in

relation thereto shall stand vested in and shall be exercised by or against the Resulting Company as if it had incurred such Liabilities. Thus, with effect from the Effective Date, the primary obligation to redeem or repay such Demerged Liabilities shall be that of the Resulting Company.

9.2.3.

**Liabilities of Remaining Business:**

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company alone shall be liable to perform all obligations in respect of all debts, Liabilities, duties and obligations pertaining to its Remaining Business and the Resulting Company shall not have any obligations in respect of the debts, Liabilities, duties and obligations of the Remaining Business.

9.2.4

**Liabilities of Demerged Undertaking:**

Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, the Resulting Company alone shall be liable to perform all obligations in respect of Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such respective Demerged Liabilities.

9.2.5

**Modification of Instruments:**

The provisions of this Clause and that of Clause 9.3 below shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/or superseded by the foregoing provisions. It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

9.2.6

**Borrowing Limits:**

Upon the coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of Section 180(1)(c) of the Act shall be deemed to be increased without any further act, instrument or deed to the equivalent of the aggregate borrowings forming part of the Demerged Liabilities transferred by the Demerged Company to the Resulting Company pursuant to the Scheme. Such limits shall be incremental to the existing borrowing limits of the Resulting Company.

9.3

**Encumbrances**

The vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company upon the coming

into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

9.3.1

**Modification of Encumbrances for Demerged Liabilities:**

In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking to which such Demerged Liability relates, which have already been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme, and such Encumbrances shall not relate to or attach to any of the other assets of the Resulting Company.

**Proviso for Unencumbered Assets:** Provided that if any of the assets comprised in the Demerged Undertaking being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets.

**No Enlargement of Encumbrances:** The Scheme shall not operate to enlarge the Encumbrances, nor shall the Resulting Company be obliged to create any further or additional security after the Scheme has become effective or otherwise.

**Effect of Absence of Formal Amendment:** The absence of any formal amendment that may be required by a lender, trustee, or third party shall not affect the operation of the above.

9.3.2

**Release of Encumbrances on Demerged Undertaking Assets:**

Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Remaining Business of the Demerged Company, shall, as and from the Effective Date, without any further act, instrument or deed, stand released and discharged and shall not be available as Encumbrances in relation to those Liabilities of the Demerged Company pertaining to its Remaining Business (and which shall continue with the Demerged Company).

9.3.3

**Release of Encumbrances on Remaining Business Assets:**

In so far as the assets of the Remaining Business are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings forming part of the relevant Demerged Liabilities shall, without any further act, instrument or deed be

released and discharged from such Encumbrances.

9.3.4

**Effect of Absence of Formal Amendment (for Releases):**

The absence of any formal amendment which may be required by a lender or trustee or third party in order to effect such release shall not affect the operation of Clauses 9.3.3 and this Clause 9.3.4.

9.3.5

**Existing Encumbrances of Resulting Company:**

In so far as the existing Encumbrances over the assets and other properties of the Resulting Company or any part thereof which relate to the Liabilities and obligations of the Resulting Company prior to the Effective Date are concerned, such Encumbrance shall, without any further act, instrument or deed continue to relate to only such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking vested in the Resulting Company by virtue of the Scheme.

9.3.6

**Construction of Security Documents:**

Any reference to the Demerged Company and its assets and properties in any security documents or arrangements (to which the Demerged Company is a party), which relate to the Demerged Undertaking, shall be construed as a reference to the Resulting Company and the relevant assets and properties of the Demerged Company vested in the Resulting Company by virtue of the Scheme.

9.3.7

**Execution of Deeds for Formal Effect:**

Without prejudice to the provisions of the foregoing Clauses and upon coming into effect of the Scheme, the Demerged Company and the Resulting Company may enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required

**10.**

**EMPLOYEES**

10.1.

Upon the Scheme becoming effective, all Demerged Employees shall be considered to have become employees of the Resulting Company as of the Appointed Date, under terms and conditions of employment no less favorable than those applicable to them regarding their employment in the Demerged Company. The Resulting Company undertakes to adhere to any existing agreements or settlements made by the Demerged Company with any of the Demerged Employees or employee representative bodies/unions.

- 10.2. The past services of all Demerged Employees with the Demerged Company prior to the Demerger shall be considered for the purposes of all benefits to which the Demerged Employees may be eligible, including payment of retrenchment or redundancy compensation, leave encashment, gratuity, and other terminal benefits. Consequently, upon the Scheme becoming effective, any accumulated balances or contributions credited to the Demerged Employees in the existing provident fund, gratuity fund, and/or superannuation funds shall either continue in the existing funds on behalf of the Resulting Company, be transferred to fund(s)/ trust(s) nominated by the Resulting Company, or to such new fund(s)/ trust(s) to be established (if any) by the Resulting Company, which shall be recognized by the Appropriate Authorities, or to the government provident fund, as applicable for the Demerged Employees.
- 10.3. Further to the transfer of the accumulated balances or contributions from the funds as set out in Clause 10.2 above, for all purposes whatsoever in relation to the administration or operation of such funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, all rights, duties, powers and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Effective Date in relation to such funds shall become those of the Resulting Company. It is clarified that the services of the Demerged Employees forming part of the Demerged Undertaking will be treated as having been continuous for the purpose of the said funds.
- 10.4. In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Demerged Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Employees.
- 10.5. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and the Resulting Company shall have no Liability in respect thereof.
- 10.6. Subject to the provisions of Clause 10.7 below, in so far as existing employee benefit plans of the Demerged Company are concerned or in the event the Demerged Company approves or adopts any employee benefit plans including any employee stock appreciation rights or plans, after the approval of the Scheme by the Boards of the Companies but prior to the Effective Date, such plans shall include appropriate provisions for the manner in which the benefits shall be available to relevant employees.

**11. LEGAL PROCEEDINGS**

- 11.1. Upon the coming into effect of this Scheme, if any suit, appeal, legal, or other proceeding of whatever nature (excluding proceedings under the IT Act), whether criminal or civil (including before any statutory or quasi-judicial authority or tribunal), under Applicable Law, by or against the Demerged Company in relation to the Demerged Undertaking is pending on the Effective Date or is instituted any time thereafter, and if such proceeding is capable of being continued by or against the Resulting Company under Applicable Law, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings shall be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- 11.2. In case of any litigation, suits, recovery proceedings etc. (excluding proceedings under the IT Act), as referred to in this Clause 11 which are the responsibility of the Resulting Company, which may be initiated against the Demerged Company, in relation to the Demerged Undertaking, the Demerged Company shall defend the same at the cost of the Resulting Company and in the same manner as it would defend a litigation, suit or recovery proceeding which is the responsibility of the Demerged Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all Liabilities and obligations incurred by the Demerged Company in respect thereof. If any proceedings are taken against the Resulting Company after the Effective Date in respect of the matters referred to in this Clause 11, which are the responsibility of the Demerged Company, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all Liabilities and obligations incurred by the Resulting Company in respect thereof.
- 11.3. The Resulting Company undertakes to have all legal or other proceedings ( excluding proceedings under the IT Act) initiated by or against the Demerged Company which are the responsibility of the Resulting Company referred to in this Clause 11 transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company undertakes to have all legal or other proceedings initiated by or against Resulting Company after the Effective Date which are the responsibility of the Demerged Company,

referred to in this Clause 11, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company and the Resulting Company shall make relevant applications in that behalf.

**12. CONTRACTS, DEEDS, ETC.**

12.1. Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, tenders obtained or applied, bids, Undertaking, arrangements, policies, agreements and other instruments, if any, of whatsoever nature forming part of a Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 12 of the Scheme.

12.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Board of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and enter into and/or issue and/or execute such deeds (including deeds of adherence), instruments, confirmations, novations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purpose of giving effect to the Scheme.

**13. PERMITS, CONSENTS AND LICENSES**

13.1. All the licenses, permits, permissions, certificates, consents,

quotas, pre-qualifications, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted, conferred upon, held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with the Demerged Undertaking, and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents received by the Demerged Company, forming part of or relating to the Demerged Undertaking, and all powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, pursuant to the provisions of Sections 230 to 232 of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date, the estates, assets, licenses, permits, privileges, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Law and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with Applicable Law, the Resulting Company on such approvals, clearances, permissions etc. so as to acknowledge and record the transfer and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of the Demerged Undertaking in the Resulting Company without hindrance and that such approvals, clearances and permissions etc. shall remain in full force and effect in favour of or against the Resulting Company, as the case may be and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or recipient or beneficiary or obligee thereto. The Demerged Company and the Resulting Company may execute necessary documentation, make applications / file relevant forms to any Appropriate Authority, to give effect to the foregoing, where required.

13.2. Upon this Scheme being effective, the past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of the Resulting Company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

- 13.3. From the Effective Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, for the purposes of the relevant license and/or permit and/or approval, as the case may be, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, in relation to or in connection with the Demerged Undertaking and the Resulting Company shall keep a record and/or account of such transactions.

**14. SAYING OF CONCLUDED TRANSACTIONS**

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking into the Resulting Company under Clauses 9 to 13 above shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company for the Demerged Undertaking in respect thereto as acts, deeds and things made, done and executed by or on behalf of the Resulting Company

**15. TAXATION MATTERS**

- 15.1. Notwithstanding anything to the contrary contained in this Scheme, upon effectiveness of this Scheme:
- 15.1.1. the Demerged Company shall be liable for any Tax payable to Appropriate Authorities under Applicable Laws relating to Tax ("Tax Laws") and shall be entitled to any refunds of Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date; and even if the prescribed time limits for claiming such refunds or credits have lapsed; and
- 15.1.2. the Resulting Company shall be liable for any Tax payable to Appropriate Authorities under Tax Laws and shall be entitled to refunds of any Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking on or after the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date.

- 15.2. Any Tax incentives, subsidies, exemptions, special status, Tax benefits (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, GST, turnover tax, excise duty, etc.), unutilized GST credits, duty drawbacks, and other benefits, credits, exemptions or privileges enjoyed, granted by an Appropriate Authority or availed of by the Demerged Company and/or benefits under incentive schemes and policies relating to the Demerged Undertaking shall, without any further act or deed, in so far as they relate to or are available for the operation and activities of the Demerged Undertaking on or after the Appointed Date and to the extent permissible under applicable Tax Laws, vest with and be available to Resulting Company on the same terms and conditions, as if the same had been originally allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company. The Demerged Company and Resulting Company shall take such actions as may be necessary under Applicable Law to effect such transfers.
- 15.3. Each of the Resulting Company and the Demerged Company shall be entitled to file/ revise its income-tax returns, TDS/TCS certificates, TDS/TCS returns, GST returns and other statutory returns, notwithstanding that the period for filing/ revising such returns may have lapsed and to obtain TDS/TCS certificates, including TDS/TCS certificates relating to transactions between or amongst the Demerged Company and the Resulting Company and shall have the right to claim refunds, advance Tax credits, input Tax credit (if transferable), credits of all Taxes paid/withheld/ collected, if any, to the extent permissible under applicable Tax Laws as may be required consequent to implementation of this Scheme.
- 15.4. If the Demerged Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Resulting Company under Clause 15.1 above, the Resulting Company shall promptly pay or reimburse the Demerged Company for such payment. If the Resulting Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Demerged Company under Clause 15.1 above, the Demerged Company shall promptly pay or reimburse the Resulting Company for such payment.
- 15.5. If the Demerged Company receives any refunds under Tax Laws that the Resulting Company is entitled to receive under Clause 15.1 above, the Demerged Company shall promptly pay the Resulting Company the amount of refund so received. If the Resulting Company receives any refunds under Tax Laws that the Demerged Company is entitled to receive under Clause 15.1 above, the Resulting Company shall promptly pay the Demerged Company the amount of refund so received.

- 15.6. Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of Demerged Company, or Tax credit relating to the Demerged Undertaking is appearing in Form 26AS of the Demerged Company, it shall be deemed to have been received by and in the name of the Resulting Company which alone shall be entitled to claim credit for such Tax deducted or paid.
- 15.7. Benefit of all available accumulated Tax losses including brought forward business loss, unabsorbed depreciation, etc., pertaining to the Demerged Undertaking as on and up to the Appointed Date, shall be available to Resulting Company in terms of Section 72A of IT Act. Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, it shall be apportioned between the Demerged Company and Resulting Company in accordance with the provisions of IT Act. It is expressly clarified that all the accumulated losses and unabsorbed depreciation as are transferred, shall be eligible to be carried forward and set off in the hands of the Resulting Company.
- 15.8. All the expenses incurred by Demerged Company and the Resulting Company in relation to the Scheme, shall be allowed as deduction to Demerged Company and the Resulting Company in accordance with the relevant provisions of the IT Act.
- 15.9. The Resulting Company shall be entitled to claim deduction under Section 43B of the IT Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid by the Resulting Company subsequent to the Appointed Date.

## **16. VALIDITY OF EXISTING RESOLUTIONS**

Upon the coming into effect of the Scheme, the resolutions, if any, passed by the Demerged Company relating to the Demerged Undertaking, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions passed by the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

**17. REMAINING BUSINESS OF THE DEMERGED COMPANY**

17.1. The Remaining Business and all the assets, properties, rights, Liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business of the Demerged Company and nothing in this Scheme shall operate to transfer any of the Remaining Business to the Resulting Company or to make the Resulting Company liable for any of the Demerged Company's Liabilities (excluding the Demerged Liabilities).

17.2. All legal, taxation and other proceedings of whatever nature (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company with respect to the Remaining Business, under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Appointed Date and relating to the Remaining Business of the Demerged Company, (including those relating to any property, right, power, Liability, obligation or duty of the Demerged Company in respect of the Remaining Business and any IT related Liabilities) shall be continued and enforced by or against the Demerged Company, as applicable, even after the Appointed Date.

**18. CONSIDERATION AND DISCHARGE OF CONSIDERATION FOR DEMERGER**

18.1. Upon this Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:

*“for every 360 Ordinary Shares of face and paid-up value of Rs. 2 each held in the Demerged Company, 1 equity share of face and paid-up value of Rs. 10 in the Resulting Company”*

**(“Share Entitlement Ratio”)**

The shares issued by the Resulting Company pursuant to this Clause 18 are hereinafter referred to as “Resulting Company New Equity Shares”.

- 18.2. The Resulting Company's New Equity Shares shall be subject to the Scheme, the memorandum and articles of association of the Resulting Company and Applicable Law and shall rank pari passu with the existing equity shares of the Resulting Company. It is clarified that the existing equity shares of the Resulting Company shall not be cancelled pursuant to or on effectiveness of the Scheme.
- 18.3. If the allotment of the Resulting Company New Equity Shares pursuant to this Clause 18 will result in any shareholders being issued fractional shares, then the fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the Resulting Company in this behalf which shall hold the Resulting Company New Equity Shares in trust on behalf of the shareholders of the Demerged Company, entitled to fractional entitlements with the express understanding that such trustee(s) shall sell the Resulting Company New Equity Shares so allotted on the NSE within a period of 90 days from the date of allotment of Resulting Company New Equity Shares, at such price or prices and to such persons, as the trustee(s) deems fit, subject to the provisions of the SEBI Scheme Circular, and shall distribute the net sale proceeds, after deductions of applicable Taxes and expenses incurred, in proportion to their respective fractional entitlements. In case the number of Resulting Company New Equity Shares to be allotted to the trustee(s) authorized by the Board of the Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to the next higher integer.
- 18.4. Without prejudice to the generality of Clause 18.1, the Demerged Company and the Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authorities and undertake necessary compliance for the issuance and allotment of the Resulting Company New Equity Shares.
- 18.5. If the allotment of Resulting Company New Equity Shares results in fractional entitlements, such fractions shall be consolidated and allotted to a trustee authorized by the Board of the Resulting Company. This trustee shall hold the consolidated shares in trust for the benefit of the entitled shareholders and shall sell them on the NSE at the prevailing market price within 90 days from the date of allotment. The net sale proceeds, after deducting applicable taxes and transaction expenses, shall be distributed to the respective shareholders in proportion to their fractional entitlements. If the consolidation results in a further fraction, it shall be rounded off to the next higher integer. This process shall be conducted in accordance with the SEBI Scheme Circular and other regulatory requirements

- 18.6. The Resulting Company New Equity Shares to be issued by the Resulting Company, pursuant to Clause 18 in respect of any Ordinary Shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or any court or otherwise, be held in abeyance by the Resulting Company or shall be dealt with as provided under the Applicable Law.
- 18.7. All shares of the Resulting Company will be listed and/or admitted to trading on the BSE and NSF, which have nation-wide trading terminals. The Resulting Company shall apply for listing of its shares on the NSE and enter into such arrangements and give such confirmations and/or Undertaking as may be necessary in accordance with Applicable Law for the Resulting Company, including for seeking exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957. The shares of the Resulting Company shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme. The Resulting Company will not issue/reissue any shares, not covered under this Scheme, till the date of listing of the Resulting Company on the BSE and NSE pursuant to the Scheme.
- 18.8. The Resulting Company, Demerged Company and/or the Depository shall execute such documents and take such actions as may be deemed necessary or appropriate to give effect to the mechanism set out under Clause 18.8 above.

**19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES**

**19.1. IN THE BOOKS OF THE DEMERGED COMPANY:**

- 19.1.1. Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.
- 19.1.2. The Demerged Company shall provide the following accounting treatment in its books of accounts:
- 19.1.2.1. Recognize a liability for assets distributed to its shareholders at the fair value of the distributed assets, i.e. fair value to the extent of shares to be issued by the Resulting Company to the shareholders of Demerged Company, with a corresponding debit to General Reserve under the head "Other Equity", in accordance with the requirements of Ind AS. The liability is subject to review

at each reporting date and at the date of settlement, with any changes in the carrying value of the liability recognized in General Reserve under the head “Other Equity” as an adjustment to the amount of distribution.

- 19.1.2.2. The carrying/ book values of the assets of the Demerged Company to the extent of Demerged Company's continued holding in the Resulting Company shall be added to investment by the Demerged Company in the Resulting Company.
- 19.1.2.3. Reduce the carrying value of all assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company, from the respective book value of assets and liabilities of the Demerged Company.
- 19.1.2.4. The Demerged Company shall recognize the difference, if any, between the carrying value of distributed assets, the carrying value of the liability for distribution of assets and addition to the investment by the Demerged Company in the Resulting Company, in the Statement of Profit and Loss.
- 19.1.2.5. Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Demerged Company.

## 19.2.

### **IN THE BOOKS OF THE RESULTING COMPANY:**

- 19.2.1. Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Resulting Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.
- 19.2.2. The Resulting Company shall provide the following accounting treatment in its books of accounts:
  - 19.2.2.1. Record the assets and liabilities of the Demerged Undertaking of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company.
  - 19.2.2.2. The Resulting Company shall credit to its equity share capital, the aggregate of the face value of equity shares issued and allotted by it pursuant to the Scheme and excess, if any, of the fair value of the equity shares issued over the face value of the equity shares issued shall be classified as securities premium under the head “Other Equity”.
  - 19.2.2.3. The difference between the fair value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company as consideration as per Clause 18 and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be debited or credited, as the case may be, to equity and classified as “Capital Reserve” under the head “Other Equity”.
  - 19.2.2.4. In case of any differences in accounting policies between the Demerged Undertaking of the Demerged Company and the

Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.

- 19.2.2.5. The Resulting Company shall restate comparative information from the beginning of the comparative period presented or date of incorporation of Resulting Company, whichever is later.
- 19.2.2.6. Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Resulting Company.
- 19.2.3. Post giving effect to the Demerger as per Clause 19.2.1 and 19.2.2 above, the debit balance of Capital Reserve, if any, under the head "Other Equity" arising in terms of Clause 19.2.2.3, shall be adjusted against the corresponding credit balance of securities premium account arising in terms of Clause 19.2.2.2, in the books of Resulting Company.
- 19.2.4. The Resulting Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner.

## **20. CONDUCT OF THE DEMERGED COMPANY TILL THE EFFECTIVE DATE**

- 20.1. Except as provided under this Scheme, from the date of the Scheme being approved by the Board of the Companies and up to the Effective Date, the Demerged Company (Globe Enterprise (India) Limited) will carry on the business of the Demerged Undertaking (comprising the INDIGENX and ORIJEAN businesses) as a going concern in the ordinary course of business and shall continue to operate, manage, and expand and grow the INDIGENX and ORIJEAN businesses, consistent with past practice in trust and good faith and in accordance with Applicable Law.
- 20.2. On and from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the INDIGENX and ORIJEAN businesses which was hitherto carried on by the Demerged Company.

## **21. WRONG POCKET ASSETS**

- 21.1. Unless otherwise specified in the terms of the Scheme, no part of the Demerged Undertaking (comprising the INDIGENX and ORIJEAN brands and associated closing stock) shall be retained by the Demerged Company after the Effective Date pursuant to the Demerger. If any part of any of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to the Demerger, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the relevant Demerged Undertaking, as the case may be, is transferred to the Resulting Company promptly and for no further consideration, and without any Tax implications. The Demerged Company shall bear all costs and expenses as may be

- required to be incurred by each of the Demerged Company or the Resulting Company, for giving effect to this Clause.
- 21.2. No part of the Remaining Business of the Demerged Company shall be transferred to the Resulting Company pursuant to the Demerger. If any part of the Remaining Business is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business is transferred back to the Demerged Company, promptly and for no consideration, and without any Tax implications. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause.
- 21.3. If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking (e.g., proceeds from sale of closing stock or recovery of related receivables, or any other income pertaining to the INDIGENX and ORIJEAN brands), it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration, and without any Tax implications. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Demerged Company or the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company. Similarly, if the Demerged Company discharges any Demerged Liability (e.g., unsecured loans specifically related to the INDIGENX and ORIJEAN brands) after the Effective Date, the Resulting Company shall make payment of such amounts to the Demerged Company.

## **PART D**

### **GENERAL TERMS AND CONDITIONS**

22. **AMENDMENT TO CONSTITUTIONAL DOCUMENTS**
- 22.1. Amendment of articles of association of the Resulting Company
- 22.1.1. The articles of association of the Resulting Company (Morabia Creation Limited), if required, shall stand amended and restated to comply with provisions required for a listed company, specifically to facilitate its independent operations and governance post-demerger, consistent with its new role as a focused trading entity.
- 22.1.2. The amendments pursuant to this Clause 22.1 shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the articles of association of the Resulting Company and shall not be required to pass separate resolutions under Section 14 or any other applicable provisions of the Act.

**23. ADDITIONAL ARRANGEMENTS**

- 23.1. With effect from the Effective Date, the Resulting Company and the Demerged Company may enter into separate arrangements in relation to the following:
- 23.1.1. licensing of Intellectual Property which forms part of the Remaining Business (for the avoidance of doubt, including Intellectual Property jointly used by Remaining Business and Demerged Undertaking) from the Demerged Company to the Resulting Company and the use of the assets and properties of the Remaining Business belonging to the Demerged Company, which are required for the operation of the Demerged Undertaking, by the Resulting Company, for such period and on such terms as may be mutually determined by the Companies.
- 23.1.2. use of the assets and properties forming part of the Demerged Undertaking belonging to the Resulting Company, which are required for the operation of the Remaining Business, by the Demerged Company for such period and on such terms as may be mutually determined by the Companies.
- 23.1.3. management agreements and/or operating licenses for the operation and management of such assets which may be retained by the Demerged Company, in accordance with Clause 9.1.1 (if applicable) above, for such period and on such terms as may be mutually determined by the Companies if required.
- 23.1.4. use of assets, services and facilities forming part of the Remaining Business, which are required for the operation of the Demerged Undertaking, by the Resulting Company for such period and on such terms as may be mutually determined by the Companies.
- 23.2. Approval of this Scheme by the shareholders of the Companies shall be deemed to constitute due compliance with Section 188 and any other applicable provisions of the Act, Regulation 23 and any other applicable provision of the SEBI Listing Regulations and the articles of association of the Resulting Company, and no further action under the Act, the SEBI Listing Regulations or the articles of association of the Resulting Company shall be separately required.

**24. APPLICATION TO NCLT**

- 24.1. The Companies shall, make all necessary applications to SEBI/Stock Exchanges in connection with the Scheme and make applications and petitions to jurisdictional NCLT for sanctioning this Scheme under Sections 230 to 232 of the Act, including seeking such orders for convening and holding or alternatively, dispensing with requirements for convening and holding meetings of the shareholders and/or creditors of the Companies as may be directed by the NCLT and obtain such other approvals, as required by Applicable Law.
- 24.2. The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under

any Applicable Law for such consents and approvals, as agreed between the Companies, which the Companies may require to effect the transactions contemplated under the Scheme, in any case subject to the terms as may be mutually agreed between the Companies.

**25. MODIFICATION OR AMENDMENTS TO THE SCHEME**

25.1. The Companies (acting through their Boards) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme at any time prior to the Effective Date in any manner (including pursuant to any direction by any Appropriate Authority under Applicable Law), provided that any modification to or variation of the Scheme by the Companies, after receipt of sanction by the NCLT, shall take effect only with the prior approval of the NCLT and/or any other Appropriate Authorities as may be required under Applicable Law.

25.2. Each of the Companies agree that if, at any time, the NCLT or any Appropriate Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of any of the Companies, be binding on each of the Companies, as the case may be, except where the prior written consent of the affected party i.e. Demerged Company or Resulting Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by Demerged Company or Resulting Company, as the case may be.

25.3. Both Companies (through their respective Boards) shall determine jointly whether any asset, Liability, employee, legal or other proceedings form part of the Demerged Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose including in case of any question that may arise as to whether any particular asset, Liability, employee, legal or other proceedings pertain or do not pertain to the Demerged Undertaking or the Remaining Business or whether it arises out of the activities or operations of the Demerged Undertaking or the Remaining Business.

25.4. If the Companies are desirous of making any material modification to the provisions of the Scheme after receipt of approval of SEBI to the Scheme, such modification shall be subject to approval of SEBI or any further modifications as may be required by SEBI.

**26. DIVIDENDS**

26.1. Each of the Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

26.2. Prior to the effectiveness of the Scheme, the holders of the shares of each of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights

under their respective articles of association including the right to receive dividends.

- 26.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Companies to demand or claim any dividends (other than unclaimed dividends) which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of the Companies, and subject to the approval, if required, of the respective shareholders of such Companies.

**27. CONDITIONALITY OF THE SCHEME**

- 27.1. This Scheme shall become effective only if the following conditions are either all satisfied or (to the extent permissible under Applicable Laws) waived by the Boards of both Companies:

27.1.1. the Scheme being approved by the requisite majority of members (passed through postal ballot/ e-voting, as applicable) and/or creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act, SEBI Scheme Circular and as may be directed by the NCLT, subject to any dispensation that may be granted by the NCLT;

27.1.2. the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as required for completion of the transactions contemplated under this Scheme;

27.1.3. receipt of observation or no-objection letter by the Demerged Company from SEBI / Stock Exchanges under Regulation 37 of the SEBI Listing Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies;

27.1.4. the Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act on terms acceptable to the Companies; and

27.1.5. the certified/authenticated copies of the Sanction Order of the NCLT approving this Scheme being filed with the Registrar of Companies.

27.2. Upon fulfilment and/or waiver of the conditions specified herein, the Companies shall mutually acknowledge in writing that all the conditions specified above have been fulfilled and/or waived.

**28. EFFECT OF NON-RECEIPT OF APPROVALS**

28.1. The Companies (jointly and not severally) shall be at liberty to withdraw this Scheme or any of its parts at any time as may be mutually agreed by the respective Boards of the Companies prior to the Effective Date.

28.2. Upon the withdrawal of this Scheme or any of its parts as set out in Clause 28.1 above, no rights and Liabilities shall accrue to or be incurred by the respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

**29. REMOVAL OF DIFFICULTIES**

- 29.1. The Companies through mutual consent and acting through their respective Boards, jointly and as mutually agreed in writing may:
- 29.1.1. give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or
- 29.1.2. do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

**30. RESIDUAL PROVISIONS**

- 30.1. This Scheme complies with the conditions relating to “demerger” as defined under Sections 2(19AA), 47, and other relevant sections and provisions of the IT Act and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the relevant provisions of the IT Act (including the conditions set out therein), at a later date, whether as a result of a new enactment or any amendment or coming into force of any provision of the IT Act or any other Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the Demerged Company and the Resulting Company shall discuss in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.
- 30.2. Without prejudice to the aforesaid but subject to Clause 9.1.1 (if applicable) above, it is clarified that if any assets (estate, claims, rights, title, interest in or relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to or vested in the Resulting Company for any reason whatsoever:
- 30.2.1. The Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as their transfer or vesting in the Resulting Company is effected;
- 30.2.2. The Demerged Company and the Resulting Company shall, however, between themselves, treat each other as if all contracts, deeds, bonds, agreements, schemes, tenders, arrangements or

other instruments of whatsoever nature in relation to the Demerged Undertaking had been transferred to the Resulting Company on the Effective Date; and

30.2.3. The Resulting Company shall perform or assist the Demerged Company in performing all of the obligations under those contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature, to be discharged after the Effective Date.

30.3. It is clarified that the Demerged Company and the Resulting Company may enter into contracts or arrangements, as may be required to give effect to the provisions of this Clause 30.2 and that any such transfer under the provisions hereof shall be deemed to be with effect from the Appointed Date as an integral part of the Scheme. The mechanism or arrangement between the Demerged Company and Resulting Company, pursuant to Clause 30.2 above, after the Effective Date, shall be based on the following principles (i) the Demerged Company shall not be responsible for performance of any obligations or for any Liabilities arising from or in relation to the Demerged Undertaking; and shall not be entitled to any rights or to receive any benefits whatsoever in relation to the Demerged Undertaking; (ii) the rights and Liabilities in connection with the Demerged Undertaking, shall rest and be borne entirely and exclusively by Resulting Company, in each case, subject to any specific agreement executed by the Companies in accordance with Clause 24 of this Scheme.

### **31. SEVERABILITY**

31.1. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to, only if the Scheme is approved in its entirety and given effect to in accordance with the terms of the Scheme, except to the extent that the Companies may otherwise agree in writing.

31.2. Subject to Clause 33.1 above, if any part of this Scheme is found to be unworkable or unenforceable for any reason whatsoever, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to the Companies, in which case the Companies, acting through their respective Boards, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the NCLT or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

### **32. COSTS, CHARGES & EXPENSES**

32.1.

Except as otherwise provided anywhere in this Scheme, the Demerged Company shall bear all costs, charges, levies and expenses (including stamp duty, registration charges and other related charges) in relation to or in connection with or incidental to this Scheme.

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